

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1596 - SB 2581**

February 25, 2018

**SUMMARY OF BILL:** Authorizes the use of a transfer-on-death deed to transfer property upon the death of the owner to the owner's designated beneficiary.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – Exceeds \$341,400**

**Other Fiscal Impact – A corresponding decrease in estate recovery funds returned to the federal government estimated to exceed \$658,600.**

Assumptions:

- This legislation defines property as an interest in real property that is located in this state and transferable on death of the owner.
- Based on information provided by the Division of TennCare (Division), the provisions of this legislation will prevent the Division from directly clawing back real property from estates and implement an 18-month statute of limitations for enforcing liability against a beneficiary.
- These limitations to Division collections will lead to a decrease in estate recoveries from Medicaid participants.
- Based on information provided by the Division, the Division recovered \$12,072,050 in claims against real property in 2017.
- The precise fiscal impact resulting from this legislation is dependent on multiple unknown factors such as: the extent of long-term care received by any participant up until death, the value of the participant's estate, the number of transfer-on-death deeds executed, and the extent to which assets would be recoverable under current law. However, it is reasonably estimated that the provisions of this legislation will hinder Division collection efforts and result in a recurring decrease in recovery revenue estimated to exceed \$1,000,000.
- The state portion of the recovery is based on the current federal medical assistance percentage (FMAP) received by the state. For FY18-19, the federal match rate is 65.858 percent resulting in 34.142 percent being state funds. The state is able to retain its portion of recovery.

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- The recurring decrease in state revenue from estate recoveries is estimated to exceed \$341,420 ( $\$1,000,000 \times 34.142\%$ ).
- There will be a corresponding decrease in estate recoveries not returned to the federal government estimated to exceed \$658,580 ( $\$1,000,000 \times 65.858\%$ ).
- Any impact to local government is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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